

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 5, 2009
POSITION: Oppose
SPONSOR: Coalition for Adequate School Housing,
 KyotoUSA

BILL NUMBER: SB 363
AUTHOR: L. Hancock

BILL SUMMARY: Energy Conservation: Schools

Existing law establishes, until January 1, 2011, the State Energy Conservation Assistance Account (SECAA), a continuously appropriated account, that is administered by the California Energy Commission (Energy Commission) to provide grants and loans to local government and public institutions.

This bill would establish the Solar School Subaccount in the SECAA and would require settlement funds, as specified, to be deposited into the SECAA for the purposes of providing grants and loans to schools for the installation of solar energy systems. Additionally, the bill would specify that other funding sources, including federal American Reinvestment and Recovery Act (ARRA) funding may be deposited into the SECAA.

FISCAL SUMMARY

The Energy Commission indicates the cost of the bill would be minor and absorbable.

COMMENTS

Finance is opposed to the bill because it is unlikely there will be new revenue available for expenditure. Further, Finance is concerned that the provisions related to the deposit of ARRA funds could be inconsistent with federal requirements for receipt and use of ARRA funding.

The State of California entered into a settlement for over \$400 million with The Williams Companies, thus settling claims that the company manipulated California's wholesale electricity markets during the California energy crisis of 2000-01. The settlement money has been exhausted and is no longer available. As such, there would be little to no new William's settlement funding available for deposit to the Solar School Subaccount. In 2009-10 the revenue would only be derived from investment income on funds encumbered but not yet liquidated.

The bill would make an account available for future funds to promote solar energy systems in schools, but would have no revenue source other than investment income. The Energy Commission indicates that the SECAA will earn \$800,000 in 2009-10, but this amount will decline in future years as the fund encumbrances are liquidated.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO RV	PROP 98	FC	2008-2009	FC	2009-2010	FC	2010-2011		
3360/Energy Comm	SO	No		-----	No/Minor Fiscal Impact	-----			0033	
<u>Fund Code</u>	<u>Title</u>									
0033	Energy Conservation Assistance Ac, State									

Analyst/Principal (0691) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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